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Directive 86-4: Job-Related Moving Expenses

FACTS: Taxpayer Taylor is an employee of Acme Company. During the taxable year, she moved from Boston to Springfield when transferred by Acme. Taxpayer Taylor incurred moving expenses of \$2,500 and Acme reimbursed her \$1,500. Taxpayer Taylor qualified for the federal deduction for moving expenses under section 217 of the Internal Revenue Code and deducted the full \$2,500 on her federal tax return. Taxpayer Taylor included the \$1,500 reimbursement in her gross income on both her federal and state returns.

ISSUE: To what extent may Taxpayer Taylor deduct her job-related moving expenses on her Massachusetts return?

DISCUSSION: Under Massachusetts law, a taxpayer is entitled to deduct moving expenses which are deductible for federal income tax purposes under section 217 of the Code only to the extent of any amounts reimbursed by an employer and included by the taxpayer in her Massachusetts gross income. G.L. c. 62, § 2(d)(3). Thus, a taxpayer is not entitled to deduct moving expenses which exceed any reimbursements which she includes in her Massachusetts gross income, even though those excess amounts are deductible under section 217 for federal income tax purposes. Moreover, if an employer does not reimburse a taxpayer, the taxpayer is not entitled to any deduction for moving expenses whatsoever under Massachusetts law.

DIRECTIVE: Taxpayer Taylor is entitled to deduct \$1,500 of her moving expenses, the amount reimbursed by Acme Company and included in her Massachusetts gross income.

REFERENCE: G.L. c. 62, § 2(d)(3); I.R.C. § 217.

/s/Ira A. Jackson  
Ira A. Jackson  
Commissioner of Revenue

June 12, 1986

DOR-D 86-4

This Directive represents the official position of the Department of Revenue on the application of the law to the facts as stated. The Department and its personnel will follow this Directive, and taxpayers may rely upon it, unless it is revoked or modified pursuant to 830 CMR § 62C.01(5)(e). In applying this Directive, however, the effect of subsequent legislation, regulations, court decisions, Directives, and TIRs must be considered, and Department personnel and taxpayers may rely upon this Directive only if the facts, circumstances and issues presented in other cases are substantially the same as those set forth in this Directive.

